



MEMORANDUM

To: Reporters and Editors  
From: Carol Guthrie for Finance Chairman Max Baucus (D-Mont.)  
Re: Effect of Medicare physician payment cuts on military families' care through TRICARE

At a news conference this morning, Chairman Baucus (remarks below) mentioned the risk posed to military families' access to health care by the failure of the Senate to pass H.R. 6331, the House-passed Medicare bill, and the urgency of Senate approval for the bill when it comes up for a vote again tomorrow. The Senate is expected to vote again on cloture on the motion to proceed to H.R. 6331 as early as Wednesday afternoon. As a number of you have inquired further on this topic, following please find additional information:

Reimbursement rates for providers caring for military retirees, active duty men and women, and their families through TRICARE are set by the Secretary of Defense in accordance with the rules used by the Medicare program. Accordingly, the recent 10.6 percent cut in Medicare payment rates under the Sustainable Growth Rate formula – caused by the Senate's failure to pass H.R. 6331 before the July 4<sup>th</sup> recess – means a cut in TRICARE rates, too. Although the Pentagon has announced that they will delay the implementation of any cuts to TRICARE reimbursement rates, it is unclear how long the delay will be in place. An estimated 8.9 million uniformed service members and their families could face the prospect of reduced access to medical services.

According to the Military Officers Association of America (MOAA), declining participation of providers due to low reimbursements is one of the most serious health care problems facing Medicare-eligible and military beneficiaries; real and threatened cuts in the level of Medicare reimbursements have caused many providers to stop accepting new Medicare and TRICARE patients. A recent survey conducted by the American Medical Association found that 60 percent of physicians would have to limit the number of new Medicare patients they treat if the scheduled 10.6 percent cuts are in effect. The Military Coalition (TMC), a consortium of nationally prominent uniformed service and veterans organizations representing more than 5.5 million members and their families, asserts that implementation of the 10.6 percent cut would deter more doctors from seeing any uniformed service beneficiaries.

H.R. 6331, the Medicare Improvements for Patients and Providers Act, would reverse the 10.6 percent cut in payments to physicians who care for millions American seniors in Medicare as well as for military families in TRICARE.

Following please find Senator Baucus's remarks from this morning's news conference in the U.S. Capitol:

**"There are just a few of us in this room today, but don't be fooled.**

**"Forty-four million American seniors are watching right now, in my home state of Montana and across this country.**

**Their families are watching. Their doctors are watching.**

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**“Seniors are watching, and waiting, to see what the Senate will do on Medicare. Will we stand for seniors? Or will some stand in the way of a good Medicare bill?”**

**“This week, Senators will get a second chance to vote for the House-passed Medicare bill.**

**“It’s a good bill. I wrote most of it. It has 4 billion dollars in improvements for Medicare beneficiaries – particularly for low-income seniors and rural seniors. It will reverse the 10.6 payment cut to doctors. That payment cut is in effect right now, because the Senate did not pass a Medicare bill before the recess. This bill will give doctors a little bigger payment. Seniors will be able to see their doctors when they need to.**

**“And this bill will ensure access to health care for our military men and women. TRICARE uses the Medicare formula to pay their doctors, too. Further delay could endanger health care for military retirees and even for those on active duty.**

**“Senators should pass House bill 6331, and get it to the President this week.**

**“There is every reason to come together now. Usually, you can’t get 80 percent of the House to agree that grass is green and sky is blue, but more than 80 percent of House members voted for this bill. The Senate should seize this opportunity for bipartisanship while there’s still time.**

**“It’s time to stop the squabbling. This can be the bipartisan vehicle for improving Medicare and reversing the cut in doctor payments.**

**“I urge all of my colleagues to vote for the House-passed Medicare bill when it comes back to the Senate this week.**

**“Seniors are watching. The Senate should do what’s right.”**

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